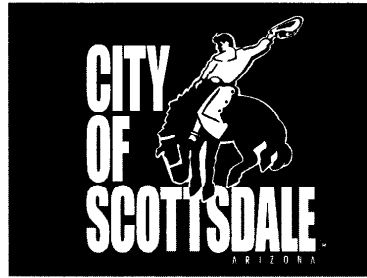


**Water, Sewer & Water Resources  
Development Fees  
FY 2006/07**



**Scottsdale City Council**

**Public Hearing  
March 21, 2006**

# **What Are Development Fees?**

**One-time fees from new development to pay its proportionate share of capital costs.**

# **What Do Development Fees Pay For?**

## **Water Development**

- **Water Lines**
- **Pump Stations**
- **Treatment Facilities**
- **Reservoirs**
- **Wells**

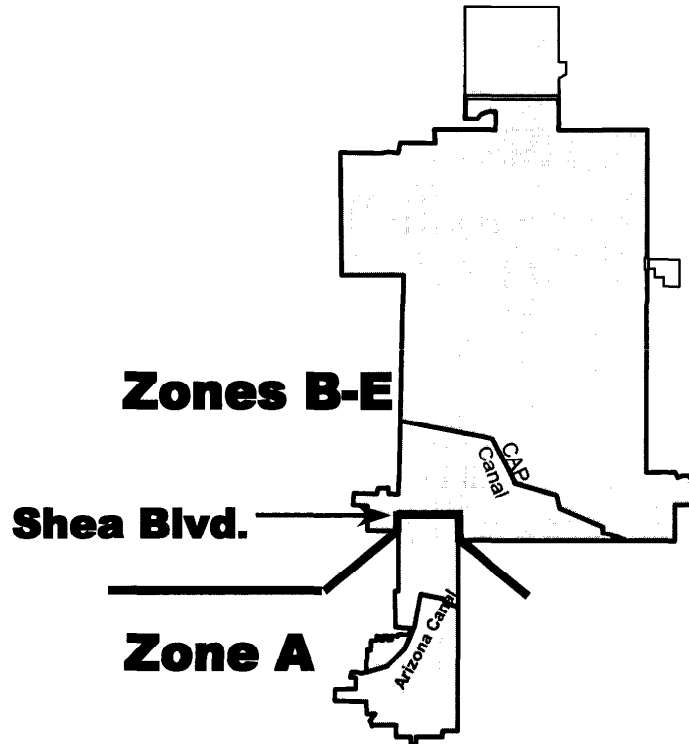
## **Sewer Development**

- **Sewer Lines**
- **Lift Stations**
- **Treatment Facilities**

## **Water Resources Development**

- **CAP Water Leases**
- **Other CAP Acquisitions**
- **Recharge/Reuse**

# Development Fee Planning Zones



# **Arizona Statutes – Development Fees Update Process**

**1/17/06      Notice of Intent Published – At  
Least 60 days Prior to Public  
Hearing**

**1/20/06      Fee Report Posted**

**3/21/06      Public Hearing**

**4/04/06      Proposed Adoption – At Least 14  
Days After Public Hearing**

**7/03/06      Proposed Fees Effective – At  
Least 90 Days After Adoption**

# How Development Fees Are Determined

$$\frac{\text{New Capital Costs} + \text{Existing System Value}}{\text{System Capacity to Meet Demand}} = \text{Capital Cost Per Gallon (CPG)}$$

$$\text{CPG} \times \text{Gallons of Demand} = \text{Development Fee}$$

# Proposed Development Fees

## Capital Cost Per Gallon (CPG)

	Zone A		Zones B-E	
	CPG	Change	CPG	Change
• Water	\$2.39	\$0.70	\$ 9.24	\$1.12
• Sewer	\$4.90	(\$3.87)	\$27.73	\$0.64
• Water Resources	\$1.82	\$0.10	\$ 2.36	\$0.15

**Proposed fees reflect revised forecasts of capital costs and water and sewer demands.**

# **Proposed Changes in Zone A Fees**

- + \$0.70 Water Development Fee**
  - New Water Lines & Booster Pump Station to Meet Increased Demand
- \$3.87 Sewer Development Fee**
  - Revitalization – Increased Demand Base Reduces Unit Cost Per Gallon of Demand
- + \$0.10 Water Resources Development Fee**
  - Cost Escalation – AZ Water Settlement Act/GRIC



# **Proposed Changes in Zones B-E Fees**

- + \$1.12 Water Development Fee**
  - Higher CAP WTP Expansion Costs
  - More Debt Needed To Pay Capital Costs
- + \$0.64 Sewer Development Fee**
  - More Debt Needed To Pay Capital Costs
- + \$0.15 Water Resources Development Fee**
  - Cost Escalation – AZ Water Settlement Act/GRIC

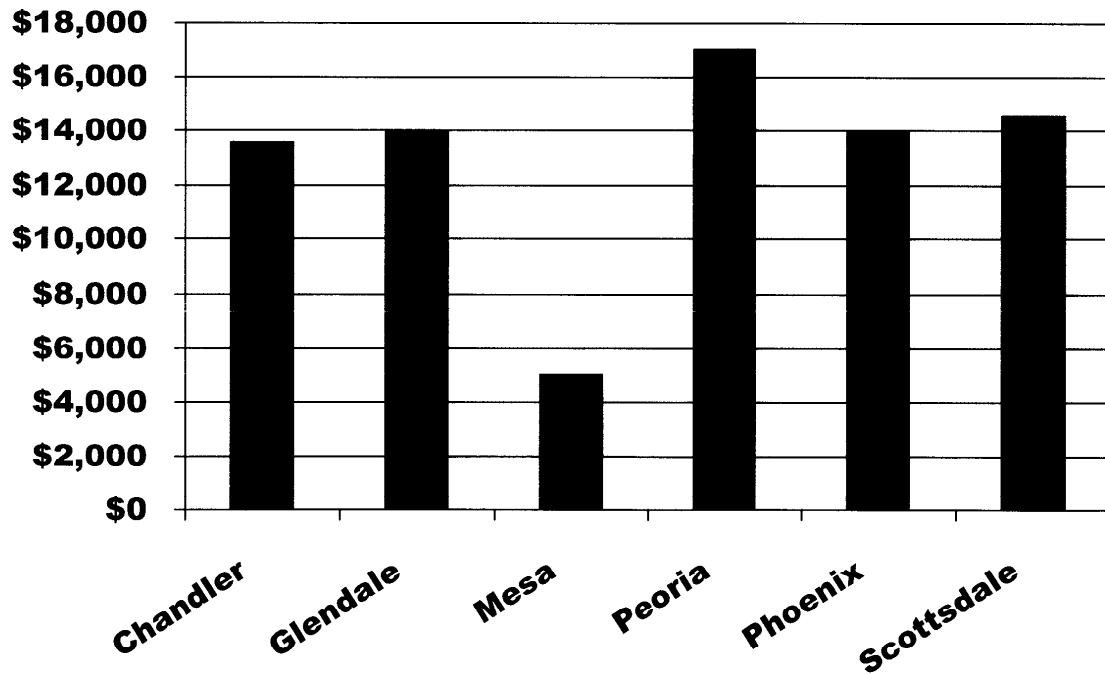
# **Existing & Proposed Development Fees\***

## **One-Acre Residential Lot – Zones B-E\***

<b>Existing</b>	<b>Proposed</b>	<b>Difference</b>
<b>\$ 13,381</b>	<b>\$14,664</b>	<b>\$1,283</b>

**\*Includes Residential Administrative Fee of 0.46%**

# Combined Development Fees Comparison One-Acre Residential Lot



## **Next Steps**

- **April 4 – Adopt New Fees**
- **July 3 – New Fees Effective**